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# Before you plant- INSURE!



**"ALL-RISK" CROP INSURANCE  
GUARANTEES WHEAT INCOME**





## FOREWORD:

The wheatfields of this Nation represent a living for a million farm families; they are the source of work and wages for the thousands who transport and process the crop, and for the thousands more who manufacture the things that wheat farmers buy; they mean good American bread—no sawdust “ersatz”—for the 132,000,000 Americans who eat bread.

Yet too often the man who grows the Nation's bread has had little bread for himself. In some years there has been too much wheat—in others, not enough. Bumper crops have alternated with disastrous crop failures, grinding the economy of the wheat grower in between.

A part of the broad Ever-Normal Granary program, designed to enable wheat growers to weave more stability to their industry, is the “all-risk” wheat crop insurance program. Started as an experiment in 1939, this program now has demonstrated its workability and its value.

In its second year of operation, wheat crop insurance has brought to more than 378,000 wheat growers a new degree of freedom from the age-old worry of blasted harvests; to many thousands who have lost their crops, it has meant wheat income despite crop disaster; to all wheat growers it offers the opportunity to join hands in co-operative defense against the peril of crop failure.

*Hawallace*



# INSURED WHEAT INCOME



Every year a million hopeful farmers plant around 60 million acres of wheat, investing, in addition to their hard work, from \$5 to \$10 an acre in the prospects of a good crop.

Every year bad weather, insects, disease, or accidents such as fire, rob some farmers of the harvest for which they have worked and planned. In some years crop failure is widespread, costing wheat growers vast sums in lost working capital, and depriving them of needed income. During the past 10 years adverse weather and other hazards have forced farmers to abandon an average of 14 million acres so hopefully planted. It is estimated that this abandonment has cost wheat growers an average of nearly \$100,000,000 a year.

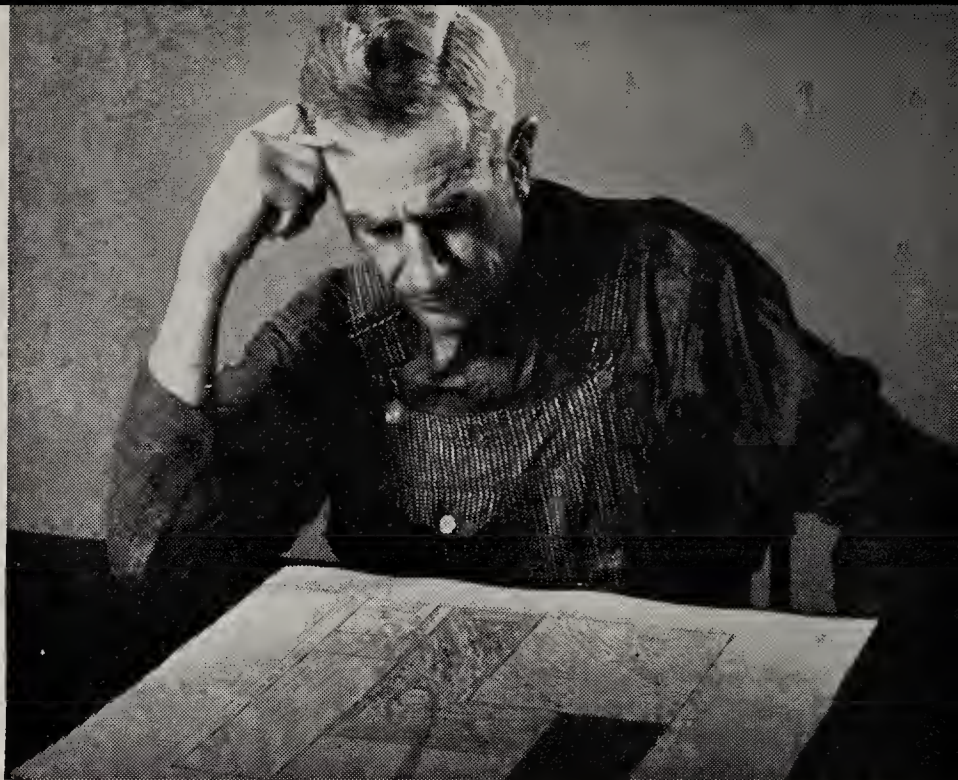
## “ALL-RISK” PROTECTION

Wheat growers now can prevent this vast loss by taking part in the Federal wheat crop insurance program. With crop insurance a wheat grower can be SURE that every year he plants wheat he will have wheat income.

Only ONE operation is required on the part of the farmer to get insurance—signing the application and paying the premium for the number of acres he is going to seed.



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## LONG RANGE PROGRAM

Crop insurance is designed to become an important part of the wheat growers' long-range operating program—a foundation on which he may plan ahead with the certainty that he will have wheat income this year and every year. Crop insurance is as much a part of good, business-like farming as the use of tested seed, soil conservation, and modern farming equipment.

Here is what crop insurance will do for you:

1. Guarantee income from either 50 or 75 percent of your long-time average yield.
2. Make it possible for you to meet the cost of crop failure in small annual installments, instead of having this burden thrust on you in 1, 2, or 3 years of partial or complete failures.
3. Make your growing wheat crop a substantial source of credit, on which you may draw to finance your farming operations.
4. Pay you back, over a period of years, approximately the same amount of wheat that you invest in premiums.
5. Give you an interest in the carry-over of surplus wheat, enabling you to make such wheat work for you instead of against you.

# CROP INSURANCE TO DATE

The Federal Crop Insurance Act was passed by Congress on February 16, 1938, authorizing the establishment of a national "all-risk" insurance program for wheat, to be carried out by the Federal Crop Insurance Corporation, an agency of the Department of Agriculture.

The first insurance was offered on the wheat crop seeded for harvest in the summer of 1939, and contracts were completed by 166,000 farmers in 31 States. Under these contracts, growers were assured of approximately 61 million bushels of production on 7,250,000 acres.

The need that crop insurance fills was demonstrated in the 1939 season. Fall drought struck the Southwest Plains, burning up hundreds of thousands of acres . . . hail stripped many fields of grain . . . grasshoppers swept down on nearly ripened acres in the Dakotas and Montana . . . chinch bugs ruined wheat stands in Iowa. Rust, floods—all of the usual hazards with which the farmer is so well acquainted—took their toll. When all losses were settled, 55,000 farmers had been indemnified for losses. These growers, although their crops had been damaged or destroyed, had wheat income that in other years they would have lost. Altogether, 10,000,000 bushels in insurance payments were paid out to insured farmers in 31 States.

In 1939, a first-hand demonstration of the protection offered by "all-risk" crop insurance was given 166,000 wheat growers. In 1940, more than twice as many—nearly 380,000—completed paid-up applications, insuring 11,250,000 acres for the production of 106,250,000 bushels.

As a result of the experience gained in the 1939 and 1940 insurance programs, it has been possible to greatly improve the program offered to farmers for the 1941 crop. A longer, more representative base period (1930–39) is used in computing insurable yields and premium rates. Special consideration is given to practices which improve yield possibilities. Accurate appraisal may be made for those farms without historical yield records, through development of an extensive "key" farm system. Growers may pay premiums in wheat, cash equivalent, or through advances against Agricultural Conservation Program payments to be earned.





# Highlights of 1941 Crop Insurance Program...

## **PROTECTION OFFERED:**

Wheat growers cannot avoid the many hazards that may reduce or ruin their harvests, but through a wheat crop insurance contract a grower is guaranteed that he will have income from at least 50 or 75 percent of his normal yield. An "all-risk" crop insurance contract protects a grower from crop loss due to all natural unavoidable hazards, such as flood, drought, hail, frost, fire, winterkill, windstorm, plant diseases, etc. A crop insurance contract does NOT protect a grower from loss that may result from AVOIDABLE causes, such as neglect or willful destruction of the crop.

Crop insurance protection applies to YIELD. For example, if the average yield for a farm is 12 bushels of wheat per acre, the grower may insure on the basis of either

**INSURANCE RESERVE.**—The basic part of the insurance plan is an insurance reserve of actual wheat held in trust to meet crop losses of insured growers. The reserve is built up as growers pay in premiums and is reduced as indemnities go out to growers who have sustained crop damage. Since premiums paid by growers are based on actual risk experience over a 10-year period, it is probable that over a period of years growers will pay into the reserve enough wheat to meet crop-failure losses. Also, since indemnity requirements will be less when crops are good, the reserve will absorb a part of surplus wheat supplies, holding these over to be available to wheat growers when they need them most—in times of widespread crop failure.

**"ALL-WHEAT" CASH EQUIVALENTS.**—All operations of the wheat crop insurance program are carried out in terms of bushels of wheat. The yield per acre to be insured, the premiums paid by growers, and indemnities paid to growers are all figured out in terms of bushels.

However, for convenience of growers, premiums may be paid in the cash equivalent of wheat at the current market price, adjusted, of course, to reflect the price differentials which exist between the grower's local market and the applicable basic market.

8 bushels (75 percent) or 6 bushels (50 percent). If the grower insures for 75 percent coverage and his crop produces only 4 bushels an acre, he is entitled to receive an indemnity on the basis of 4 bushels an acre to make up the difference between actual production and the insured amount.

**INSURED YIELDS AND PREMIUM RATES.**—Yields that may be insured and the rate of premium paid for the insurance are based on actuarial information collected by the Corporation for practically all wheat farms.

The average insurable yield for each farm is based on the historical yield record of the farm, or, if dependable yield records are not available, the yield is appraised. All appraisals are made under a "key" farm system, through which farms to be appraised are compared with similar farms for which depend-

able yield histories have been assembled. Appraisals take into account location of farm, soil type, topography, methods of tillage, and ability of the operator.

In establishing the average yield that applies to the farm for 1941, actual or appraised yields are used for the 10-year base period 1930–39, adjusted to reflect trend of yields in the county for a 14-year period, 1926–39.

**Cost is geared to farm.**—The cost of the insurance, known as the premium, is calculated separately for each farm, and represents the cost of crop failure for the farm as it would be if paid on an annual installment basis. This "loss-cost" per acre for the farm is averaged with the "loss-cost" per acre for the county, to arrive at the premium rate for the farm. Thus, the premium the farmer pays for in-





surance is proportionate to his risk of growing wheat, blended with general conditions in the county. The base period for the premium rate is the same as for yields—that is, premium rates established for the 1941 program are influenced by actual yields and losses of 1939.

A year-to-year revision of yields and rates on the basis of the latest available yields keeps them in line with actual farming conditions.

**Indemnities.**—An insured grower is entitled to an indemnity whenever, as a result of an unavoidable hazard, the actual production of his insured crop falls below the production for which he has been insured. For example: A grower's average yield on 100 acres is 12 bushels an acre. He insures 75 percent of the yield, or a total of 800 bushels. Should his crop be totally destroyed by weather, insects, disease, or some other unavoidable hazard, he would be entitled to receive an indemnity representing 800 bushels of wheat.

Settlement of losses of insured growers is made as soon as practicable after the loss occurs. In case of a total or "substantially" total loss, adjustment can be made immediately and the indemnity paid. After the loss has been adjusted, the land may be put to other use. Borderline cases of damage, where the actual yield may or may not be less than the insured amount, cannot be adjusted until the crop is harvested and the yield measured.

After the claim of the farmer has been approved by the Corporation the indemnity will be payable in wheat or cash equivalent. The grower may specify whether he desires payment in wheat or in cash equivalent. If payment is to be made in cash equivalent, the grower may request a *deferred settlement*; that is, he may ask the Corporation to hold up payment of his indemnity for as long as 90 days, until he notifies that payment is desired. In deferred settlements the Corporation will compute the cash equivalent of the indemnity on the basis of the price of wheat the day notice is received by the Corporation's branch office.

**A SOURCE OF CREDIT.**—Many wheat growers are finding crop insurance a new source of collateral for planned credit. In the past a growing wheat crop has not been very acceptable as collateral since it might be wiped out overnight. However, with the guarantee of income from a definite number of bushels, the growers' credit position is vastly improved. A crop insurance contract may be assigned as security for any loan: For the amount of the year's rental for the farm; or for an annual installment due under a purchase, mortgage, or trust agreement.





In the old days, when men were pushing the frontier westward, pioneers learned that they had to stand together—or fall separately. When a neighbor fell sick and couldn't harvest his crop, his neighbors banded together to save his crop, knowing full well that any of them might be in the same fix and need help sometime. When a neighbor's barn burned down, they all chipped in and had a "barn-raising."

Today, with a highly specialized wheat-growing industry stretching from border to border, neighborly cooperation still can do wonders on a vastly larger scale to defend wheat growers against the many hazards they must face. When a wheat grower signs an insurance contract and pays his premium he is cooperating with hundreds of thousands of other wheat growers to bring greater stability to wheat-growing. He is aiding in establishing a joint reserve, through which wheat growers who lose their crops may still be sure of enough wheat income to enable them to get by—to hold their lands and homes, and to keep on doing a good job of farming.

When you insure your crop, you are standing with your neighbor.



# WHAT OTHERS SAY:

## CROP INSURANCE ASSURES SEED AND LIVING EXPENSES. IT'S CHEAP, TOO, SAYS WHITMIRE



County Supervisor Fred Kalhoefer (left) and A. E. Whitmire.

A. E. Whitmire, who lives 3 miles north of Hunter in Grant County, Oklahoma, depends entirely on wheat farming for his livelihood. Always an advocate of good farming practices he terraces his farm land and plants his crops on the contour. Mr. Whitmire owns one unit of 160 acres and farms 4 quarter sections in all. Last year his wheat averaged  $27\frac{1}{2}$  bushels an acre.

"Federal all-risk crop insurance," he says, "offers me two advantages I would not like to be without. In the first place it guarantees seed for another crop, giving me assurance that I can go ahead with my farming operations even though my production for the current year is of little or no consequence. In the second place I know that I will be able to meet such immediate obligations as meeting a payment on my farm as well as ordinary living and farming expenses. In addition, I like all-risk insurance because it is cheap and I feel that the premium is money well spent even though I get a good crop."

Drought and freezing weather caused extensive damage to Whitmire's wheat acreage this year. His indemnity was about 570 bushels from 62 insured acres. This protection cost Mr. Whitmire 62 bushels of wheat based on an adjusted average yield of 12.3 bushels an acre and a premium rate of 1 bushel an acre. Mr. Whitmire says he favors all of the Triple-A program "because it promotes practices that I feel should be done anyway."

## "I KNEW I'D HAVE WHEAT TO SELL!"

Miss Emma Cosler, who has a farm on Route 4, Xenia, Ohio, has this to say about crop insurance:

"I've lived on a farm all my life, but I've been on my own farm since 1936. It didn't take me long to realize the risk involved in raising wheat, for I had a wheat loss in 1936 due to extremely dry weather at seeding time the fall before.

"When I learned of the wheat crop insurance program last year, I remembered my experience of 1936 and took out a policy guaranteeing me 65 bushels at a cost of only 5 bushels. My wheat acreage was small—only 9 acres—and my loss was only 4 bushels, but it was more than worth the premium I paid to keep me from worrying. I knew when the wheat was seeded that I'd have wheat to sell at harvest time, thanks to all-risk crop insurance."

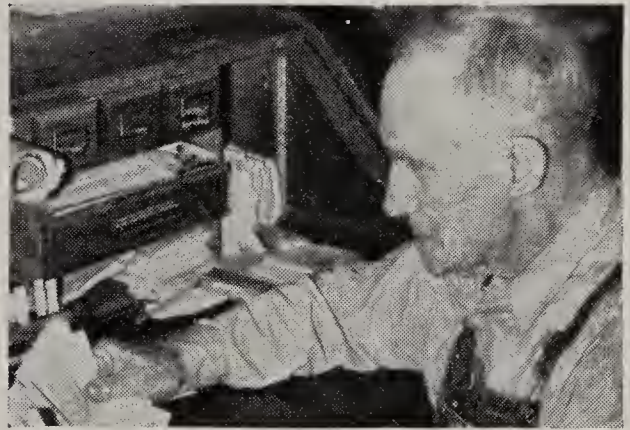


Miss Emma Cosler.



## BEST FARMING METHODS AND CROP INSURANCE MAKE AN IDEAL COMBINATION

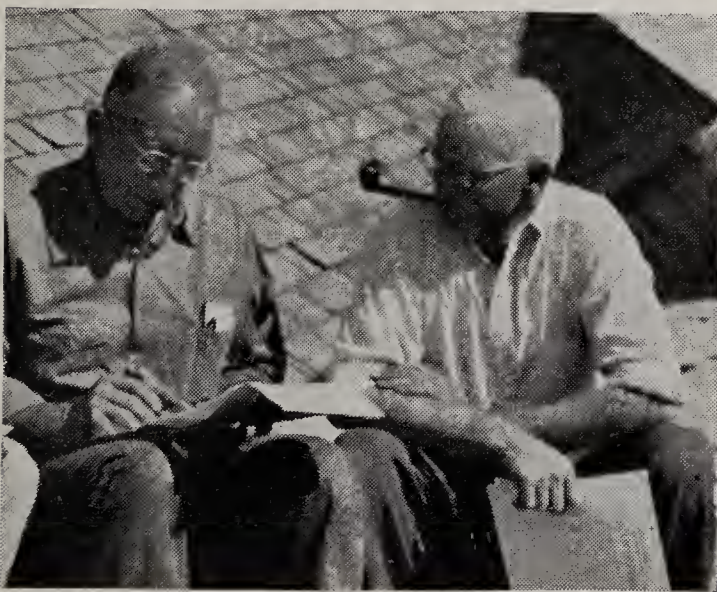
M. S. Coberly and his sons, R. S. and H. W. Coberly, use the best farming methods to handle their 2,426 acres of wheat in Gove County, Kansas, but they still feel that to be sure of wheat income, a crop insurance contract is needed. Says Mr. Coberly: "We're strong for summer fallow and use some kind of damping tillage tool to conserve all the moisture that falls, but in a year like this we appreciate a crop insurance policy."



M. S. Coberly.

The Coberly farm is rated as one of the best operated in western Kansas. Consisting of 10,000 acres, approximately 5,000 are devoted to crops, and the remainder to pasture. The 1940 crop insurance contract on the Coberly farm covered 2,426 acres, insuring a production of 25,145 bushels.

## WILL HELP REBUILD A HOME!



Robert Noah (left) and R. N. Kells,  
County Chairman.

A 1940 crop insurance contract helped Robert Noah, of Sutter County, California, to stage a comeback after a torrential spring flood swept over his farm, washing out his crops, demolishing his farm buildings, and damaging his home.

A bright spot in the picture was the fact that last fall Mr. Noah insured his 56.9 acres of wheat, paying a premium representing 45 bushels of wheat. After the flood-waters had subsided, the wheat crop was found to be a total loss and

Mr. Noah received an indemnity amounting to 1,396 bushels of wheat.

Mr. Noah says: "That crop insurance indemnity certainly will help me a lot in financing my summer crop plantings. It is going to mean a lot to me in having ready cash to start rebuilding my home. What we farmers need is insurance on all our crops—you never can tell what is going to hit us next."



# To Insure Your Wheat Crop

1. Make out an application at your county AAA office. The county committee has the yield and the premium rate that apply to your farm. All that you have to furnish them is information as to the acreage you intend to seed.

2. Pay the premium. The insurance does not go into force until the premium is paid and the crop planted. You can pay with wheat, cash equivalent, or by means of an advance against Agricultural Conservation Program payments already earned or to be earned.

**Important Note.**—All applications must be made and all premiums must be paid before the closing date—August 31, 1940 for winter wheat and February 28, 1941, for spring wheat. Applications are taken *before* these closing dates in order that all farmers will be on the same basis as to the prospects of the crop to be insured.

3. After your wheat has been seeded, sign a seeded acreage report notifying the Corporation as to the exact acreage planted.

4. In case of damage to the crop, notify your county AAA committee.

## The FEDERAL CROP INSURANCE CORPORATION

U. S. DEPARTMENT OF AGRICULTURE

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